

Business Requirements Interview

Grants, Contracts & Loans Requirements

1. Introduction

Date: Tuesday, January 24, 2006

Location: OFM, Phone

Attendee	Position	Organization
Tim Sovold	Director of Compliance and Preservation Division	Housing Finance Commission, via phone
Sharon Novak	Project Manager	OFM
Carol	Project Manager	Sierra Systems
Del Hontanosas	CTED Project Manager	CTED, via phone

2. Notes

HFC works with CTED. Issues very low interest loans with payments deferred 10-20 years. Amortized over 40 or 50 years. IRS program (tax-credit funds).

HFC administers 5 programs: tax credit program; tax exempt bonds for multi-family, single-family; 1st-time homebuyer pgm; non-profit tax-exempt bonds; and taxable bonds.

CTED has funds for some of the same projects HFC funds. Also city or county may fund. Coordinate with CTED for compliance – make sure not duplicating, and funding – make sure not over-funding.

HFC does not do direct loans, all pass-through. Bond authority is issued by CTED, work with banks to allocate loans using tax-exempt bonds. Also issue low-income tax credit. Monitor the low-income commitments the owner committed to, e.g., having all units at 50% median income. Monitor renters, monitor health & safety inspections.

HFC coordinates on projects: how much CTED will loan and how much HFC will put in. Which projects are funded, dollars, names, contacts, condition, inspections, set-asides. Have intergovernmental agreement with CTED to monitor CTED's set-asides. HFC will monitor contract requirements (affordability levels, etc.) for CTED. Send letter of finding (feel-good or correction) to owner and CTED and IRS. CTED does on-site inspections every 3 years. Send results (letter: feel-good or correction) to HFC. Coordinate with CTED on about 180 out of 650 projects HFC has.

Have joint annual report with CTED, HFC, City of Seattle, Tacoma, Snohomish County. Report sent by recipient (non-profit) to CTED and to HFC with sampling of certification packages for households (income).

Annual report. 6 tables. HFC collects table 1 (Jan 31) and table 4 (June 30). On HFC and CTED website. Wshfc.org. Compliance section, 2005 tax credit annual report request. Link to CTED site (combined funders annual report) for all tables.

Does CTED compile the tables? What do they do with it, besides publish?

Table 1: rents and incomes, who lives there, how much paid, income. Comes in excel paper and soft copy, HFC uploads to database (Access). CTED gets hard copy. Set-asides (limits commitments – part of terms & conditions of agreement): income, type of renters, amt of rent. CTED has a different process to allocate funds. Individual property.

Table 4 is a report on property's overall income and expenses (\$ in rent vs expenses). If deficit spending, would talk to them, but may not take action. CTED and other funders would contact firm and may loan or grant more to fix. Outcome: set for loan, HFC does not monitor.

Data items:

- Property has number (table 1 lists all funders at top of spreadsheet.)
- Each funder has different project number, HFC Agreement# 95-42A (6-8 characters). All reported to the county and are a restrictive covenant against the land.
- CTED# 12345.
- Use TINs.
- Address important (City of Seattle uses address as identifier).
- BIN# is building identifier number (for IRS). Project may have 50+ BIN#s.
- Contract# (CTED only).

HFC does not monitor payments. Trustee handles payments on bonds. HFC contacts trustee. Are interested in getting information.

HFC has point system. Highest points wins. Commits funding. Criteria: if other funds from CTED (project readiness for CTED), may get higher priority. HFC works with allocation people at CTED and does joint reviews. Parallel processes at HFC and CTED. 1 application round per year. Score.

Programs: 1) Bonds for non-profit facilities, 2) bonds for non-profit housing; 3) bonds for multi-family housing, 4) low-income housing tax credit program, 5) 1st-time homebuyer program. Different app for each, plus attachments in hard copy. HFC will consider CTED eligibility in evaluation. Recipient has to send in up to seven applications, one for each funding source. Possible to have one application. Applications are different at this point. To consolidate, agencies would have to agree on lead. Part of application is financial statements and projections. Allocated over 10 years. Investors pay for tax credits. Investors' money goes to finance project.

Steve Walker or Val Tate for allocations.

Suggestion for project: Give project feedback to interviewees: progress and review.

Housing division: track are they getting loan payments in? Agency-unique component for CTED.

Requirement: Interface to A/R system(s): AFRS and agency.